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FISCAL IMPACT STATEMENT

LS 6993

BILL NUMBER: SB 449

NOTE PREPARED: Jan 19, 2015

BILL AMENDED:

SUBJECT: Gaming Matters.

FIRST AUTHOR: Sen. Rogers

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill authorizes riverboats to move inland to adjacent properties. It extends until July 1, 2018, the availability of the deduction for wagers made by patrons using noncashable vouchers, coupons, electronic credits, or electronic promotions provided by the licensed owner or operating agent.

Effective Date: July 1, 2015.

Explanation of State Expenditures:

Explanation of State Revenues: *Promotional Free Play Deduction for Riverboat Casinos:* The bill extends the current \$5 M deduction for promotional free play provided by a riverboat casino to patrons for FY 2017 and FY 2018. The deduction is claimed against the riverboat casinos' adjusted gross receipts (AGR) from gaming. Under current law the deduction expires on June 30, 2016.

The deduction could be claimed by the riverboat casino against AGR at any time during a state fiscal year. The deduction reduces the taxable base for the riverboat wagering tax. The estimated impact on the state General Fund from the free play deduction is summarized in the table below.

Tax	Fund	FY 2017	FY 2018
Riverboat Wagering Tax	State General Fund	(\$11.58 M)	(\$11.39 M)

Based on the range of promotional spending reported by casinos in FY 2013, FY 2014, and FY 2015, it is estimated that 10 Indiana riverboat casinos will claim the maximum allowed \$5 M deduction and 1 Indiana riverboat casino will claim a \$4 M deduction. Some of the revenue loss from the promotional free play deduction could be offset if the deduction induces additional promotional spending by the casinos which, in turn, increases the aggregate amount of spending by gamblers in the state.

A small portion of the wagering tax revenue from the French Lick casino is distributed to the Indiana Economic Development Corporation (IEDC). Any impact on the IEDC is estimated to be minimal.

The revenue loss estimates are based on the Revenue Technical Committee forecast (December 18, 2014) for gaming revenue.

Riverboat Relocation to Land-Based Facility: The bill permits a riverboat casino owner to relocate gaming operations from the riverboat casino to a land-based facility with the approval of the Indiana Gaming Commission (IGC), provided the land-based facility: (1) is located on property adjacent to the dock site of the riverboat casino; and (2) complies with all applicable building codes and any safety requirements imposed by the IGC. The bill allows the IGC to permit a riverboat owner to conduct gaming operations simultaneously at an inland casino and a docked riverboat for up to 120 days. The bill also prohibits the IGC from imposing a fee for the privilege of relocating.

The potential fiscal impact of riverboat casinos around the state relocating to land-based operations is indeterminable and would depend on various factors, including ownership, facility attributes, market factors, and capital availability. In this case, relocation to a land-based facility next to the dock site of the riverboat casino will not affect the geographic markets currently served by the riverboat casinos.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Promotional Free Play Deduction for Riverboat Casinos:* The free play deduction reduces the taxable base for the riverboat wagering tax, some of which is distributed to local units. The estimated revenue loss to local units receiving revenue from these taxes is summarized in the table below.

Local Unit	FY 2017	FY 2018
Lawrenceburg	(\$0.38 M)	(\$0.38 M)
Switzerland County	(\$0.31 M)	(\$0.31 M)
Michigan City	(\$0.34 M)	(\$0.33 M)
Evansville	-	(\$0.13 M)
Rising Sun	(\$0.16 M)	(\$0.16 M)
East Chicago	(\$0.39 M)	(\$0.39 M)
Gary	(\$0.55 M)	(\$0.55 M)
French Lick	(\$0.08 M)	(\$0.08 M)
Orange County	(\$0.10 M)	(\$0.09 M)
Orange Co. Development Commission	(\$0.08 M)	(\$0.08 M)
Orleans	(\$0.05 M)	(\$0.05 M)
Paoli	(\$0.05 M)	(\$0.05 M)
West Baden Springs	(\$0.08 M)	(\$0.08 M)
TOTAL	(\$2.57 M)	(\$2.68 M)

State Agencies Affected: Indiana Gaming Commission, Department of State Revenue, Indiana Economic Development Corporation.

Local Agencies Affected: Local units receiving riverboat wagering tax.

Information Sources: Indiana Gaming Commission, Annual Report FY 2011-FY 2014; OFMA, Casino Data; Revenue Technical Committee Forecast (December 18, 2014).

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